

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & CO., <i>et al.</i> ,	)	Case Nos. 01-1139 et al. (JKF)
	)	Jointly Administered
	)	
Debtors.	)	<b>Re: Docket No. 16504</b> <b>8/29/07 Agenda Item No. 7</b>

**DEBTORS' RESPONSE TO PI COMMITTEE'S APPLICATION TO EMPLOY  
CHARTER OAK FINANCIAL CONSULTANTS LLC**

The Debtors have no objection to the PI Committee's Application to Employ Charter Oak Financial Consultants LLC as their financial advisors to replace their former financial advisors L. Tersigni Consulting P.C. ("LTC"). Based on the Affidavits submitted, the Debtors believe that the parties who have formed Charter Oak were not involved in the actions that gave rise to the investigation and termination of LTC and thus are appropriate parties to be retained as the PI Committee's financial advisors. However, as outlined in the PI Committee's Application and supporting affidavits and materials "the fee applications filed in this case by TLC over the past several years may have included improperly and artificially increased hours."<sup>1</sup> The Debtors believe that a formal investigation must be conducted with respect to these potentially improper and inflated billings so that the Debtors' estates can be reimbursed for any overpayments made to LTC.

The PI Committee indicates in its Application and supporting materials that it has requested that Anthony Tersigni, the person handling the affairs of LTC, should file corrected fee

---

<sup>1</sup> See the May 31, 2007 letter from Elihu Inselbuch to David Bernick attached as Exhibit 2 to the Declaration of Elihu Inselbuch filed in conjunction with the PI Committee's Application.

applications, as appropriate. The Debtors further understand that Anthony Tersigni has hired counsel to assist him in winding up the affairs of LTC, including conducting an investigation into the improper billings that may have occurred in this case and other chapter 11 cases for which LTC was employed. The Debtors do not know what the timing is with respect to that investigation, who is overseeing the investigation and whether the investigation or the PI Committee's urgings will result in the filing of amended fee applications for LTC.

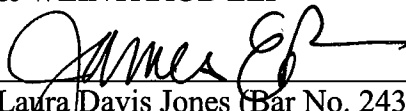
As a result, the Debtors hereby request that the Court, in conjunction with permitting the PI Committee to retain Charter Oak to replace LTC, also enter an Order directing a formal investigation of the potential LTC over billings to be supervised by the U.S. Trustee, the fee examiner or other appropriate party as determined by the Court.

Dated: August 21, 2007

KIRKLAND & ELLIS LLP  
David M. Bernick, P.C.  
Janet S. Baer  
200 East Randolph Drive  
Chicago, Illinois 60601  
Telephone: (312) 861-2000  
Facsimile: (312) 861-2200

and

PACHULSKI STANG ZIEHL YOUNG JONES  
& WEINTRAUB LLP



Laura Davis Jones (Bar No. 2436)  
James E. O'Neill (Bar No. 4042 )  
Timothy P. Cairns (Bar No. 4228)  
919 North Market Street, 17th Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705 (Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

Co-Counsel for Debtors and Debtors in Possession